GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2435
ANSWERED ON:11.03.2016
Fraudulent Forex Transactions
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the Central Vigilance Commission directives to RBI and Banks to install a system which can detect chunks of small amounts transferred abroad from a single account to check fraudulent forex transactions;
(b) if so, the details thereof along with the steps taken by the Government to recover a sum of Rs.6100 crores transferred by a nationalized bank recently;
(c) whether the Bank of Baroda has adhered to the norms prescribed by Indian Banks Association regarding Know Your Customer (KYC) and Anti-Money Laundering Guidelines; and
(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): In a case relating to alleged money laundering transactions through Bank of Baroda, Ashok Vihar Branch, New Delhi, the Central Vigilance Commission observed that loopholes in the existing guidelines have been used by the fraudsters to indulge in money laundering activities. The Commission, therefore, advised Reserve Bank of India (RBI) to make systemic improvements like cumulating all the forex outward remittance transactions per customer per day to arrive at cut-off limit (say US $ 100000) to avoid recurrence of similar instances in future. Central Bureau of Investigation (CBI) and Enforcement Directorate (ED) have registered cases on the basis of a complaint filed by Bank of Baroda regarding irregularities in outward foreign remittances from its Ashok Vihar Branch, New Delhi through newly opened accounts.

(c) & (d): Remittances were made through Current Deposit Accounts. While opening these Current Deposit Accounts, copies of documents pertaining to KYC were obtained by the Branch. However in some of the cases, Anti Money Laundering (AML) guidelines were not fully complied with. During subsequent verification of addresses, it was observed that in some of the cases the remitters/ firms were not available at the addresses recorded with the Bank at the time of opening of Current Accounts.

In some of the cases STR were filed with delay/ not filed.

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